



ADVOCACY & MANAGEMENT GROUP

150 West State Street, Suite 110, Trenton, NJ 08608 • phone: (609) 392-7553 • fax: (609) 392-2664 • www.AMG101.com

March 2025 NJSSA Lobby Report

Legislative Update

On Tuesday, February 25th, Governor Murphy delivered his Fiscal Year 2026 budget address which detailed his fiscal priorities for the upcoming year. Below are some highlights of healthcare-related funding that is being proposed in the upcoming budget. We will share additional information once it becomes available.

Hospital Funding

- In FY2026, New Jersey hospitals will receive nearly \$3.6 billion from direct subsidy programs, representing an increase of approximately \$2.9 billion since Governor Murphy took office. The most significant contributor to this funding is the County Option Hospital Fee Program, which the Governor created as a pilot program in late 2018. The FY2026 budget proposes to build on the FY2025 budget's transformation of Charity Care funding to a new Medicaid outpatient hospital supplemental state-directed payment to further increase federal matching funds and reduce State costs by approximately \$35 million. The updated model accounts for services delivered to Medicaid and Charity Care patients, the life expectancy and income basis of the hospital's community, and the financial health of facilities.
- \$336.5 million for the Graduate Medical Education (GME) program, including the Supplemental and Trauma components of the program. These funds offset a portion of the significant costs associated with the training of New Jersey's next generation of physicians.
- \$210 million in State and federal funds for the Quality Improvement Program (QIP).

Health Care and Social Services

- **Maternal and Infant Health:** \$36 million for Family Connects NJ, the State's program to send registered nurses to conduct home visits for mothers and newborns within the first two weeks after birth and \$3.2 million for the newly created Maternal and Infant Health Innovation Authority.
- **Reproductive Health Care:** more than \$50 million for reproductive health programs which includes funding for a new initiative to attract OB/GYNs and other health care professionals from other states.
- **Youth Mental Health Services:** \$43 million for the NJ Statewide Student Support Services (NJ4S).
- **Medicaid:** nearly \$6.3 billion in State funding for New Jersey's Medicaid program, NJ FamilyCare, which provides comprehensive health care benefits to over 1.8 million New Jerseyans.

Public Health:

- over \$12 million to support the AIDS Drug Distribution Program.
- \$500,000 for the Department of Health to fund a Legionnaire's Disease response team in accordance with legislation signed in September 2024, and \$750,000 to the Department of Environmental Protection to build a database to track compliance with the law.

Tax Changes:

Governor Murphy is proposing to modify the State's **ambulatory care facility assessment** to align it with federal regulations for Medicaid provider taxes, and is proposing to reduce the rate from 2.95% to 2.5%. The Governor's proposal to reduce the rate and eliminate the current cap is estimated to bring in more than \$60 million in additional revenue. This budget also assumes a similar modification to the **hospital adjusted admission fee** and an increase in the rate from \$10 to \$12.50, raising an additional \$13 million.

The Legislature and the Governor will now spend the next few months reviewing the budget, which has to be passed by the state's constitutional deadline of July 1st.

In addition to budget negotiations taking place, the State Senate and Assembly will have regular committee meetings and voting sessions throughout March, May and June. Following the passage of the budget, it's likely that they will take a break through the elections in November.

Assembly Speaker Coughlin also recently named a temporary new Assembly Health Committee Chair following former-Asm. Conaway's election to Congress. The new Chair is Assemblywoman Carol Murphy who is from the 7th Legislative District (comprised of Burlington County) and is the current Majority Whip.

New Legislation:

S-3416 was recently introduced and is scheduled for a vote before the Senate Commerce Committee on March 24, 2025. It establishes additional health insurance carrier network adequacy standards with respect to certain physician specialists. This is an effort we learned is being driven by pathologists to create network adequacy for hospital-based specialties. A full synopsis is below:

This bill establishes additional network adequacy standards for health insurance carriers that offer a managed care plan. Current law requires regulations for those carriers to include standards for the adequacy of the provider network with respect to the scope and type of health care benefits provided by the carrier, the geographic service area covered by the provider network, and access to medical specialists. This bill requires the Commissioner of Banking and Insurance to adopt regulations to ensure that covered persons have reasonable and timely access to physician specialists at in-network hospitals and facilities, including anesthesiologists, radiologists, pathologists, emergency medicine physicians, and services under their supervision.

Election Update

This November, the full State Assembly and the Governor are all up for election, with the primary election being held on June 10th, 2025. Many candidates on both sides of the aisle are running.

According to a few polls, Republican Jack Ciattarelli is the favorite to get the nomination as the Republican candidate, running against radio host Bill Spadea, State Senator Jon Bramnick and former State Senator Ed Durr.

There is a big pool of candidates on the Democratic side, that are all fairly well known and well-funded, including Congresswoman Mikie Sherill, Congressman Josh Gottheimer, Newark Mayor Ras Baraka, former-Senate President Steve Sweeney, Jersey City Mayor Steve Fulop and NJEA President Sean Spiller.